

## Commercially Useful Function (CUF) Questions Small Business

**All new and renewing small business applicants must respond to the Commercially Useful Function (CUF) Questions.** Your response must demonstrate how you, as a certified small business or microbusiness contractor, subcontractor or supplier meets the commercially useful function requirements under Government Code section 14837(d)(4).

A business performing a commercially useful function is one that does all of the following:

- Is responsible for the execution of a distinct element of the work of the contract.
- Carries out its obligation by actually performing, managing, or supervising the work involved.
- Performs that is normal for its business, services and function.
- Is not further subcontracting a portion of the work that is greater than that expected to be subcontracted by normal industry practices.

A contractor, subcontractor, or supplier will not be considered to perform a commercially useful function if the contractor's, subcontractor's, or supplier's role is limited to that of an extra participant in a transaction, contract, or project through which funds are passed in order to obtain the appearance of small business or microbusiness participation.

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1. Provide a detailed explanation of your firm's business process from the point of receiving a state contract or purchase order to the point of delivery of the products and/or services. Include a description of your firm's products and/or services and provide a copy of your firm's brochure or marketing materials, if possible. Be sure to include specific tasks your firm performs and a description of how your firm manages and supervises the workforce to meet contractual requirements.
  2. When fulfilling a state contract/purchase order, does your firm subcontract or intend to subcontract out any of its work? If so, explain the type of work and the amount of work that is/will be subcontracted out (express as a percentage of the total work for a specific project) and to whom.
  3. During the past year, what dollar amount was subcontracted by your company to outside business concerns and/or individuals? Express this amount as a percentage of your gross receipts.
  4. If you are a service provider's representative, provide a copy of your agreement with the service provider. If you are a supplier or manufacturer's representative, provide a copy of your agreement with the supplier or manufacturer. If you are a service or manufacturer's representative, you must provide at least one agreement between you and your service provider or supplier/manufacturer. If you don't have one, please explain why and under what arrangement the two parties transact business with each other.
  5. If you are a Non-Manufacturer, list your major suppliers and manufacturers, the percentage of your annual cost of goods sold for each, and a detailed description of the service(s) they perform for your company (warehousing, shipment, billing, office space, etc). Provide copies of all business licenses, certificates and permits held by your firm.
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